Disasters Could Push Food Prices Up

Fires, floods, locusts and droughts - a combination of crises that could mean higher food prices around the world over the next 12 months.

The US agriculture department will release a report on Thursday assessing world grain supplies. Many analysts expect it will forecast a two-year low for wheat inventories - an estimate that would likely send wheat prices, which have climbed steadily all summer, moving even higher.

Russia, the world's third-largest wheat exporter, imposed a four-month ban on grain exports last week because of drought. That decision will pull millions of tonnes of wheat out of world markets: Russia had originally planned to increase its exports this year, to more than 40 million tonnes.

The World Bank has urged other nations not to follow suit, fearing a supply crunch like the one that drove 2008 prices to twice their current levels and prompted food riots in Africa and Asia.

At least one country is not listening, though. Severe winter frosts and a summer drought have damaged the crop in Ukraine, the world's sixth-largest exporter, and Kiev is expected to impose its own export ban later this month.

In Australia, the government is forecasting a 22.1mn tonne crop, slightly larger than last year's. But there are persistent fears that locusts could destroy two or three million tonnes; and western Australia is suffering from a drought, threatening much of the region's crop.

Other countries have had smaller-scale problems: In northern Afghanistan, for example, a plague of locusts has already destroyed much of the wheat crop in Samangan province.

Argentina is one of the few global bright spots. The US agriculture department predicted on Tuesday that Argentina would export 8 million tonnes of wheat over the next year, a one-million-tonne increase over preliminary estimates.

Global price fears - The supply fears have pushed up prices for wheat: Some wheat options on the Chicago Mercantile Exchange have already increased by more than 50 per cent since May.

Rising prices are an immediate problem in Pakistan, where weeks of flooding have destroyed millions of acres of farmland, much of it in the highly fertile Punjab province.

A Pakistani farmers association estimated that flooding has wiped out 500,000 tonnes of wheat, roughly 2 per cent of Pakistan's annual harvest. The food ministry places the figure slightly higher, at 600,000 tonnes. Sugar and cotton crops will also suffer.

Food prices normally spike in Pakistan during Ramadan, and the flooding has only added to the misery. Wheat flour is being sold for 560 rupees per one-kilo bag, well above the official price of 400 rupees.

Wheat is not the only crop affected: Sugar is selling for 70 rupees per kilo, according to Dawn, up from 47 rupees during last year's Ramadan. A kilogram of tomatoes, normally 40 to 60 rupees per kilo, has doubled to 120 rupees, according to the Express Tribune.

The increases are only expected to worsen as vendors begin to exhaust their stockpiles.

Some goods are already unavailable: The Swat valley's peach and apricot harvests cannot be shipped to market because flooding has washed away roads and bridges.
Other countries fear longer-term implications from the global shortages.

The Russian export ban has prompted some concern in Egypt, which depends heavily on imported wheat to feed its 80 million people. The Egyptian government has asked the Russian government to honour its existing contracts.
It says it has enough wheat stockpiled to provide subsidised bread for the next four months, but it is also looking for other countries - like the US and France - to increase their exports.

In Australia, meanwhile, analysts have warned that fires in Russia and floods in Canada will make everything from coffee to eggs to beer more expensive.

Most commodity analysts say a return to the 2007-08 crisis is unlikely, because stockpiles - particularly of wheat - are at a much higher level. Still, food markets tend to be irrational, and small-scale disruptions in supply can have a large impact on prices. The Organization for Economic Cooperation and Development and the Food and Agriculture Organization warned in a June report that the food markets will remain subject to sharp fluctuations.

"If history is any guide, further episodes of strong price fluctuations in agricultural product prices cannot be ruled out nor can future short-lived crises," they wrote.

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Food Riots or Food Rebellions?

Eric Holt-Giménez Looks at the World Food Crisis
by Julia Landau
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Eric Holt-Giménez, Executive Director of Food First/Institute for Food and Development Policy recently partnered with Raj Patel and Annie Shattuck to bring us Food Rebellions: Crisis and the Hunger for Justice. Recently, Holt-Giménez spent a weekend in New York to introduce his new book and open a conversation about these rebellions.

Perhaps you've heard the stats: between 2007 and 2008 approximately 40 food riots occurred around the world. In Mexico, corn prices made tortilla, a staple of the country's diet, prohibitively expensive for the nation's poor. In Haiti, soaring food prices led people to the streets, and eventually to overthrow the Prime Minister.

Yet were these riots or rebellions? For some, the distinction may seem small. These were not spontaneous anger outbursts fueled by mob mentality. They were not riots. Rather, they were conscious, political acts. They were rebellions. The objectives of a rebellion-agency and intention-are the essential implications of the word itself. They are not just a reaction to food prices-they are a protest.

But a protest against what, exactly? The simple answer: against the causes of the food crisis. But Holt-Giménez draws an important distinction between what he calls the "proximate" and "root" causes of the global food crisis. It is the difference between symptoms and sickness.

Proximate causes are the commonly-cited reasons for hikes in food prices. These include grain speculation, increased use of land for agro-fuel production (as opposed to edible crops), increased meat consumption and a particularly poor harvest season in the US, Australia and Turkey. While in 2007-2008 these forces were certainly at work, a deeper look reveals that the food crisis was actually a long time in the making.

A more discerning analysis of the upheaval of 2007-2008 points to what Holt-Giménez calls the root causes of our food crisis. We have a vulnerable food system, one in which 91% of our crops are maize, cotton, wheat, rice and soy. A lack of diversity in our agricultural repertoire leaves our crops open to environmental (not to mention economic) shock.

Think Irish potato famine.
Holt-Giménez sees our vulnerable food system as part of the "agri-foods industrial complex." The agri-foods industrial complex actually refers to any and all corporate business involved in the production, processing, storing and transporting of food. It is a powerful force to reckon with. Follow its track record, Holt-Giménez urges, and one will see that the Green Revolution combined with the destruction of tariff barriers in the ensuing decades, and the free-trade trends of the 90s, were all results of a corporation-driven food system. These phases increased developing nations' dependency on imported grain and seed, in countries that had been largely self-sufficient before. Production went down, diversity shrunk dramatically, local producers lost their market and were forced migrate-often emigrate. One million bankrupt Mexican growers, for example, headed for the United States.

There is a danger in conflating the proximate and root causes of the food crisis in searching for solutions, warns Holt-Giménez. When we focus only on the symptoms of the problem (grain speculation, increased agri-fuel production, lower crop yields) we easily reach the conclusion that genetically modified food and industrial agriculture present a "solution," or an immediate fix to world hunger. Not so fast. Looking at the root causes, we see that loss of crop diversity, market flooding and farmer bankruptcy are actually all part of the quick fix that fuels the agri-foods industrial complex. It is the consolidation of land and power.

We need our seeds and we need our small farmers. We need them not just for biodiversity, not just for distribution of power, but for the pure know-how they possess. There can be a place for small farmers and an alternative food system. As long as our planet has a smallholder population, we have a chance, Holt-Giménez argues, citing La Via Campesina as a hopeful example. Low-input, small operations can indeed be high-yielding. They needn't be reinvented, just supported. We can't use a corporate food system to fix symptoms of the corporate food system itself.

At the end of Holt-Giménez's talk, he reminded his audience that we are political beings, even in the toughest circumstances. Our challenge now is to recognize sickness, not symptoms-and revolution, not riot.
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